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SUBJECT: Jacmel Crafts Sector: Struggling to Come Back

1. SUMMARY: Once touted as a model for growth, Jacmel's handcrafts sector has been shrinking for over a decade, sharing in the nationwide decline in crafts sales from USD 20 million to 2 million a year. All sales channels are hurting: tourism is down, many U.S. wholesale buyers are sourcing elsewhere, and Haitian items are not very cost-competitive in the Caribbean gifts market. Aid to Artisans, an NGO, recently closed its crafts showroom in Jacmel after continued losses and reductions in USAID funding. Despite recent initiatives to reinvigorate the sector, no immediate turnaround is in sight. Without security to foster tourism and trade, cottage industries like handcrafts will continue to struggle. END SUMMARY.

Jacmel: the Heart of Haitian Crafts

2. Jacmel is a sleepy town on the south coast of Haiti, with architecture reminiscent of New Orleans and a culture of arts and festivals. Historically, a lucrative coffee industry and direct shipping links to Europe fostered a wealthy cosmopolitan community that was a haven for artists and a magnet for tourists. Today the town is still renowned for colorful Carnival celebrations, driving an annual demand for elaborate masks such as those featured at the 2004 Folklife Festival in Washington. Although scaled down since its heyday, Jacmel remains the heart of Haitian handcrafts, especially ornaments of paper mache and painted wood.

Long-term Decline of Tourism

3. Retail sales among Jacmel craft shops are driven by tourism, which has long been ailing throughout Haiti due to insecurity, negative media image, and poor infrastructure. Foreign tourists are now reduced to a trickle of missionaries and aid workers -- few in number and on tight budgets. Overseas Haitians are also making fewer visits, even during the annual peak of Carnival, because of the risks of transiting through the capitol. The bulk of local sales are now to Haitians from Port-au-Prince: a minority of these are wholesale orders for gift shops, but mainly they are small one-off purchases by individual travelers. Even this limited local trade may be threatened by a recent rash of car jacking in Jacmel, which could lose its cachet as a peaceful retreat from big-city violence.

Exports Crippled by Embargo

4. Although reliable statistics are hard to find, industry observers believe wholesale sales overseas peaked in the late 1980's. Thereafter exporters say that sales were hit by the embargo in the early 1990's: shipping became so cumbersome via certificates from the U.S. Embassy that buyers defected to cheaper, more convenient suppliers in other developing countries. Post-embargo, the challenge is to regenerate a U.S. client base. Gift shows are the primary marketing forum for the trade, but the costs of a booth, travel, and shipping are prohibitive for small-scale Haitian enterprises. Aid to Artisans (ATA), an NGO, attends U.S. and EU shows on their behalf, promoting Haitian items alongside those of other developing markets. Beyond this, however, craft makers have not pooled their efforts for marketing; they are more competitive than cooperative. Only a handful of businesses still export individually. The 2004 Folklife Festival in Washington, DC, held promise in showcasing Haitian crafts to U.S. customers; but unfortunately it yielded poor sales, reportedly due to a low-traffic location off of the main festival path.

Cost Competition in the Caribbean

5. For the past ten years, as U.S. sales dwindled, some Haitian craft exports have shifted to Caribbean retailers selling to U.S. and European vacationers. Sales track the U.S. economy and consumer travel; these have been weak in the past five years, particularly after the shock of September 11. The sales season is short (December to

March), with shops tending to under-purchase to minimize inventory. A more serious problem is that Haitian crafts are not cost-competitive due to high transport costs and Caricom tariffs. Input costs are also high, since specialty materials like paints and lacquer are not made in Haiti and must be imported. Further, the sector is one of small workshops making labor-intensive products without the scale of Asian competitors. ATA has landed orders in the Caribbean through a concerted combination of shipping subsidies, materials supply programs, and proactive marketing.

#### Scaling Back Aid to Artisans -----

16. Reflecting the fall in tourism, Aid to Artisans closed its Jacmel crafts store and showroom in October 2004. Opened in 1999 through a USAID grant, it was intended to become self-sustaining through sales but never broke even. Meanwhile, after investment of more than USD 5 million in the crafts sector, USAID reduced its contributions when funding for economic growth were cut in 2003-4. ATA has reallocated its resources in Jacmel to sourcing products and supporting local retailers in lieu of its own storefront. The Port-au-Prince shop has survived through an emergency allocation requiring ATA to focus on short-term job creation for unskilled youth rather than traditional artisans. While ATA has indeed made strides in increasing product sales, it has not achieved the goal of transferring its activities to a self-sustaining private sector.

#### Crafts Fairs: If We Build It, Will They Come? -----

17. To stem the decline of the crafts sector, one proposal is to sponsor arts fairs to attract international buyers back to Haiti. An oft-cited model is a recent event in Port-au-Prince promoting products made by tradeswomen (Femmes en Production). This concept is welcomed by the crafts community but is problematic: while it would relieve artisans of overseas travel costs and visa obstacles, it is predicated on the willingness of foreigners to travel to Haiti despite security risks and a negative image of the country. It also does not resolve the question of the cost-competitiveness of Haitian products.

#### Arts Centers: A New Hope? -----

18. Two other initiatives aiming to promote a renaissance in Haitian arts and crafts are arts centers geared to training the next generation of artisans. Situated in refurbished warehouse space, the Sant d'A (Arts Center) comprises two adjacent studios, one for crafts and one for fine arts. The aspiration is that the two areas would cross-fertilize, i.e. arts innovations would inform new craft designs while handcraft revenues would fund training of a new generation of artists. The near-term aim is to house 150 artisans and 50 artists in five such centers throughout the south of Haiti; ultimately the vision is for centers nationwide. The building itself is the contribution of the founder, a London-trained Jacmelian artist; the EU and Alliance Francaise have provided additional funding.

19. Similarly, the Sant Kominote Art Kiltirel pou Avansman Jacmel (SKAKAJ, or The Community and Cultural Arts Center for the Advancement of Jacmel) is a non-profit venture founded in 2002 by an American educator living in Jacmel. It focuses on artists' creative education and skills development, from craft production to marketing methods. SKAKAJ is the organizer of upcoming arts expos and street fairs to revive interest in Jacmel arts and crafts. Like the Sant d'A, it is still a young venture, yet to show a major impact but hopeful to reverse the craft sector's decline.

#### A Rising Security and Economic Tide Lifts All Boats -----

10. COMMENT: The outlook for the crafts sector will follow that of Haiti overall. Improved security would foster trade and tourism, the twin engines of demand, once wholesale buyers and vacationers alike are willing to come to Haiti. Outreach marketing must also be sustained and even stepped up, to generate overseas orders. At the same time, on the supply side a sector that thrived during Haiti's golden age of cruise tourism must broadly cut costs, improve productivity, and increase product innovation to compete in a global crafts market. END COMMENT.